

An Introduction to

Tax Credit Scholarships



DID YOU KNOW?

- The Indiana Tax Credit Scholarship program was created in 2009 to assist families with financial support whose income would not previously allow them to enroll their child(ren) in a participating non-public school. Provisions have further expanded this program in subsequent years as a key component of Indiana's School Choice initiative.
- Since the program's inception in 2009, over 25,000 Tax Credit Scholarships have been awarded to Indiana students totaling over \$30,000,000 in scholarships. Over 20,000 of these were awarded over the last two years as awareness for the program has increased.
- Donors who support students through the Tax Credit Scholarship program typically do so at a significantly reduced, after-tax savings cost.
- **15 of the 17 Catholic schools in the Diocese of Lafayette-in-Indiana are eligible to participate in the Tax Credit Scholarship program.**
- There have been **1,478 Tax Credit Scholarships** awarded to students within the Diocese of Lafayette-in-Indiana totaling **\$1,768,708** since 2011. Of this amount, \$687,845 was awarded in the 2015-16 academic year. The need for financial support in our diocese is increasing.

Why is it called a TAX CREDIT Scholarship?

Donors are eligible to take advantage of a **50% TAX CREDIT** against their state tax liability for contributing to the funding of these scholarships. Thus the scholarship is called the Tax Credit Scholarship.

How are these Tax Credit Scholarships funded?

All scholarships are funded through private donations made to the participating Scholarship Granting Organizations (SGOs). The Diocese of Lafayette-in-Indiana has partnered with the **Institute for Quality Education (IQE)** as our SGO.

May donors deduct this donation on federal income taxes?

Donations made directly to IQE (*website: www.i4qed.org/sgo/donors*), which is a 501(c)(3) designated by the state of Indiana as an approved SGO, are eligible for a 50% Indiana tax credit and are also tax-deductible to the full extent of the federal charitable tax laws.

Who can donate?

Anyone can support the Tax Credit Scholarship program by donating! To receive the **50% TAX CREDIT**, however, the donor must pay or owe Indiana state taxes. Donations may come from corporations, partnerships, LLCs, PCs, and the self-employed, as well as from individual taxpayers.

How do Catholic schools in the diocese benefit from my donation if it is made to IQE?

When a donation is made to IQE, either online at www.i4qed.org/sgo/donors or by check, the donor should indicate that the **Diocese of Lafayette-in-Indiana**, or a **participating school within the diocese**, should be the beneficiary of this donation. Families from our schools may then apply for scholarships from IQE, which are granted from these earmarked donation funds.

Is the Tax Credit Scholarship the same thing as a Choice Scholarship or voucher?

No, while both the Tax Credit Scholarship and the Choice Scholarship (voucher) are part of Indiana's School Choice Initiative, these are two separate types of scholarships and are funded separately. The Tax Credit Scholarship is funded by private donors who receive a tax credit for the donation, while the Choice Scholarship is funded by the state education fund. Both types of scholarships allow eligible families to choose a non-public school in which to educate their children. Eligibility requirements are different for these two types of scholarships, but, by receiving a Tax Credit Scholarship, a student may become eligible for a Choice Scholarship the following year.



How much financial support will a Tax Credit Scholarship provide to a student to attend Catholic school?

The minimum scholarship is \$500, but it can be as much as the full tuition at the Catholic school in which the student is enrolled. Tuition amounts vary by individual school in our diocese.



What determines if a student is eligible to receive a Tax Credit Scholarship?

The student must be a member of a household whose income is at or below 200% of the amount to qualify for Reduced Lunch. The chart to the right lists the current year income requirements:

2016-17 Tax Credit Scholarship Income Limits by Household Size	
# Persons in Household	200% of Reduced Lunch Household Income Level
1	\$43,956
2	\$59,274
3	\$74,592
4	\$89,910
5	\$105,228
6	\$120,546
7	\$135,901
8	\$151,293

Is there a limit as to how much money may be donated in a year towards a Tax Credit Scholarship?

While there is no limit in the size of the donation that can be made, there are potential limitations to receiving the full tax credit:

- The state has a cap of \$9.5 million in tax credits that will be granted for the fiscal year beginning July 1, 2016 and ending June 30, 2017. Once this cap is reached, donations made until the end of the fiscal year will not be eligible for the tax credit. Basically this means that the tax credits are given on a "first donated, first received" basis. Tax credits will be granted again starting with the new fiscal year beginning July 1, 2017.
- Tax credits come off of your Indiana state tax liability. If you donate \$10,000, then your 50% state tax credit would be \$5000. If your tax liability is only \$4000 for this tax year, then your tax credit would only be \$4000. The remaining \$1000 may be carried forward to the next tax year, so you would not lose the remaining credit. *Please check with your financial or tax advisor on your current tax liability situation.*



Every dollar counts when it comes to supporting students and families!

No donation is too small or too large. Our goal is to provide financial support in order to allow eligible families the freedom to choose to educate their children in our Catholic Schools. As our mission states:

The mission of the Catholic schools in the Diocese of Lafayette-in-Indiana is to partner with families in providing a Christ-centered learning environment in which all persons can grow in faith and knowledge in order to serve God in this world and to be eternally happy in the next.